



OFFICE OF  
THE CHIEF  
ECONOMIST

LE BUREAU DE  
L'ÉCONOMISTE  
EN CHEF

# Trade between Canada and the EU under CETA 2022



## CETA TIMELINE

# ALMOST ALL PRODUCTS TRADED BETWEEN CANADA AND THE EU WOULD BE DUTY-FREE IN 2024

The complete text of the agreement between Canada and the EU was completed.

2014

2016

CETA was provisionally applied in September.

2017

CETA celebrated its second year.

2018

2019

All tariffs of products covered by CETA eliminated.

2020

2024

The agreement known as CETA was signed.

First CETA Joint Committee took place in Montreal.

CETA Trade and Gender Recommendation: EU-Canada workplan released.



## CLOSER OVERALL INTEGRATION BETWEEN CANADA AND THE EU SINCE CETA IMPLEMENTATION

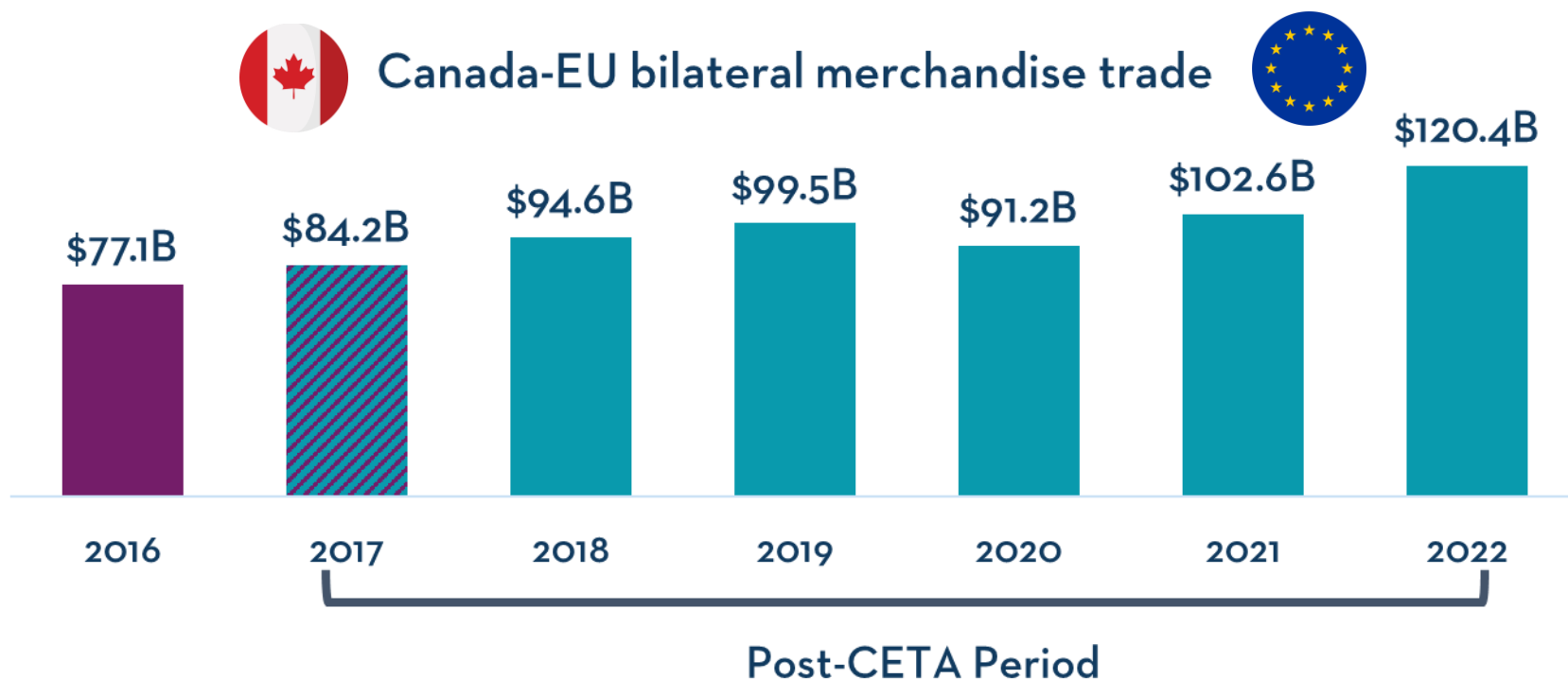
**Total bilateral  
merchandise trade  
increased by 56% and  
grew faster than Canada  
traded with the world.**

**Services trade, trade  
in environmental  
goods, and trade in  
technology all grew  
impressively under  
CETA.**

**Both Canada and  
the EU benefited  
from increased  
mobility and  
commercial  
presences.**



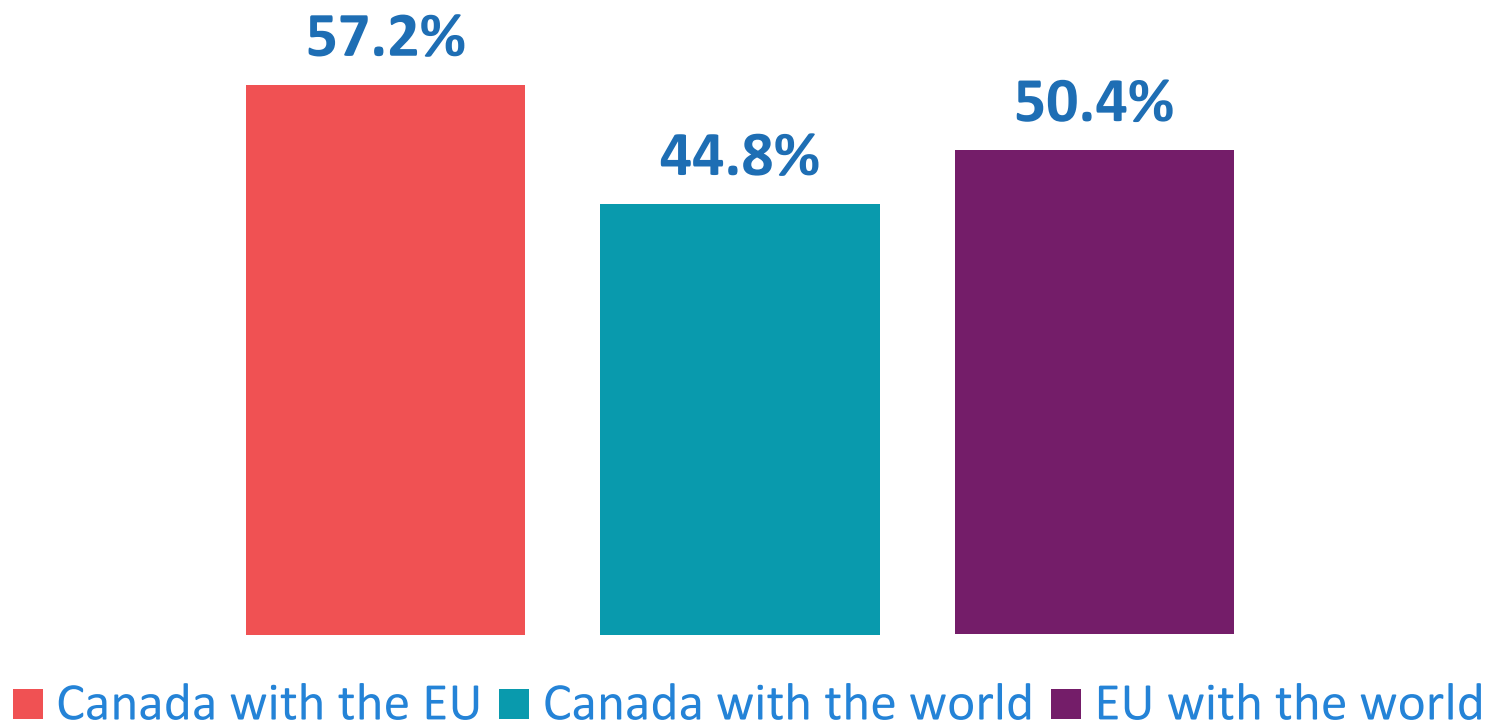
## AFTER REACHING \$100B IN 2021, TWO-WAY MERCHANDISE TRADE BETWEEN CANADA AND THE EU HIT ANOTHER RECORD HIGH IN 2022



Data: Eurostat and Statistics Canada  
Source: Office of the Chief Economist, Global Affairs Canada



## CETA LIKELY STIMULATED THE STRONG GROWTH IN BILATERAL MERCHANDISE TRADE BETWEEN CANADA AND THE EU, 2016-2022



Data: Statistics Canada. Eurostat

Source: Office of the Chief Economist, Global Affairs Canada.



## GROWTH IN BILATERAL MERCHANDISE TRADE BY MEMBER STATE, 2016-2022

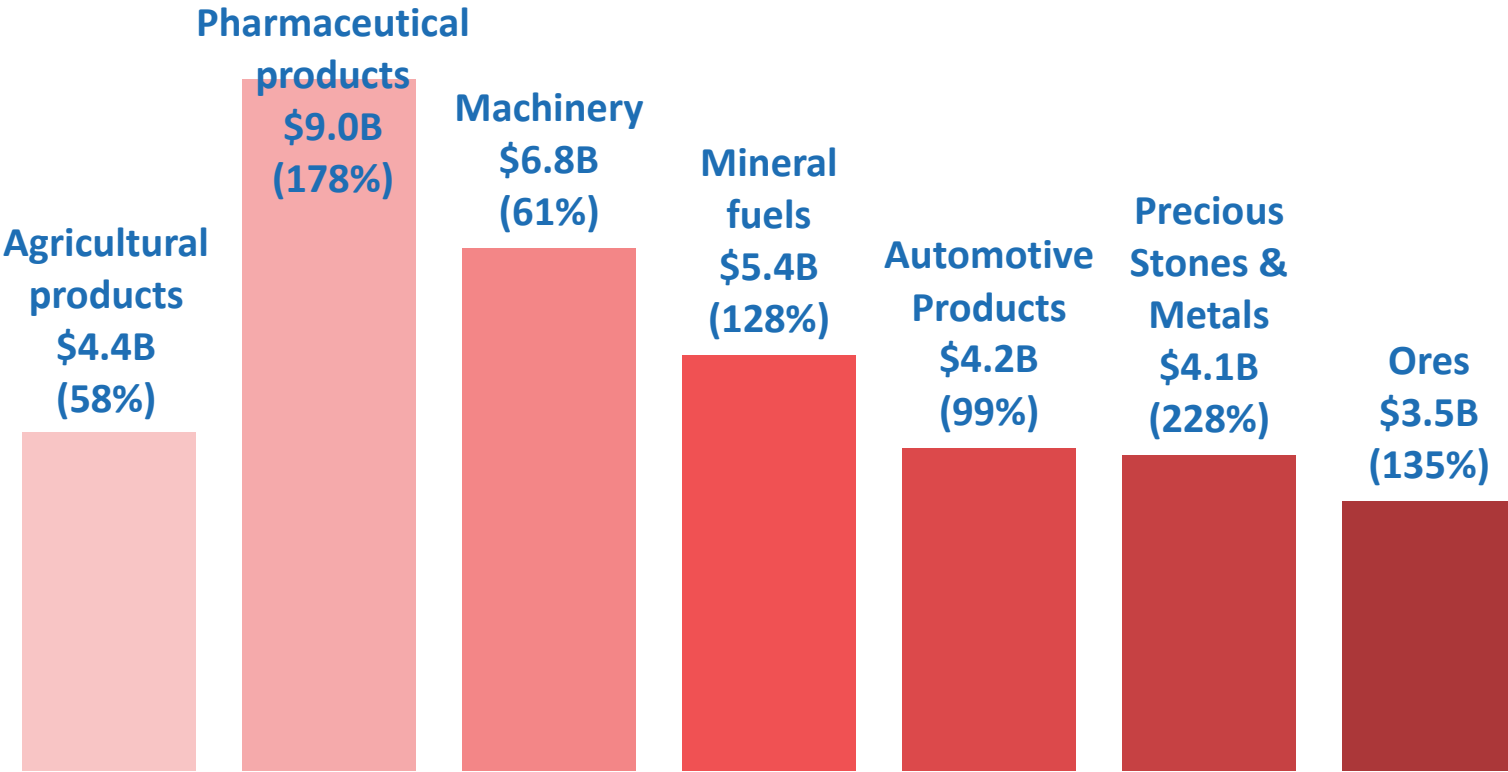
Member state	Growth	Member state	Growth	Member state	Growth
Austria	39%	France	32%	Malta	16%
Belgium	85%	Germany	38%	Netherlands	102%
Bulgaria	91%	Greece	62%	Poland	57%
Croatia	93%	Hungary	37%	Portugal	265%
Cyprus	22%	Ireland	81%	Romania	39%
Czechia	85%	Italy	51%	Slovakia	84%
Denmark	73%	Latvia	822%	Slovenia	17%
Estonia	-4%	Lithuania	12%	Spain	82%
Finland	94%	Luxembourg	-44%	Sweden	32%

Data: Statistics Canada. Eurostat

Source: Office of the Chief Economist, Global Affairs Canada.



# MANY PRODUCT SECTORS HAD SIGNIFICANT TRADE GROWTH SINCE CETA IMPLEMENTATION, 2016-2022



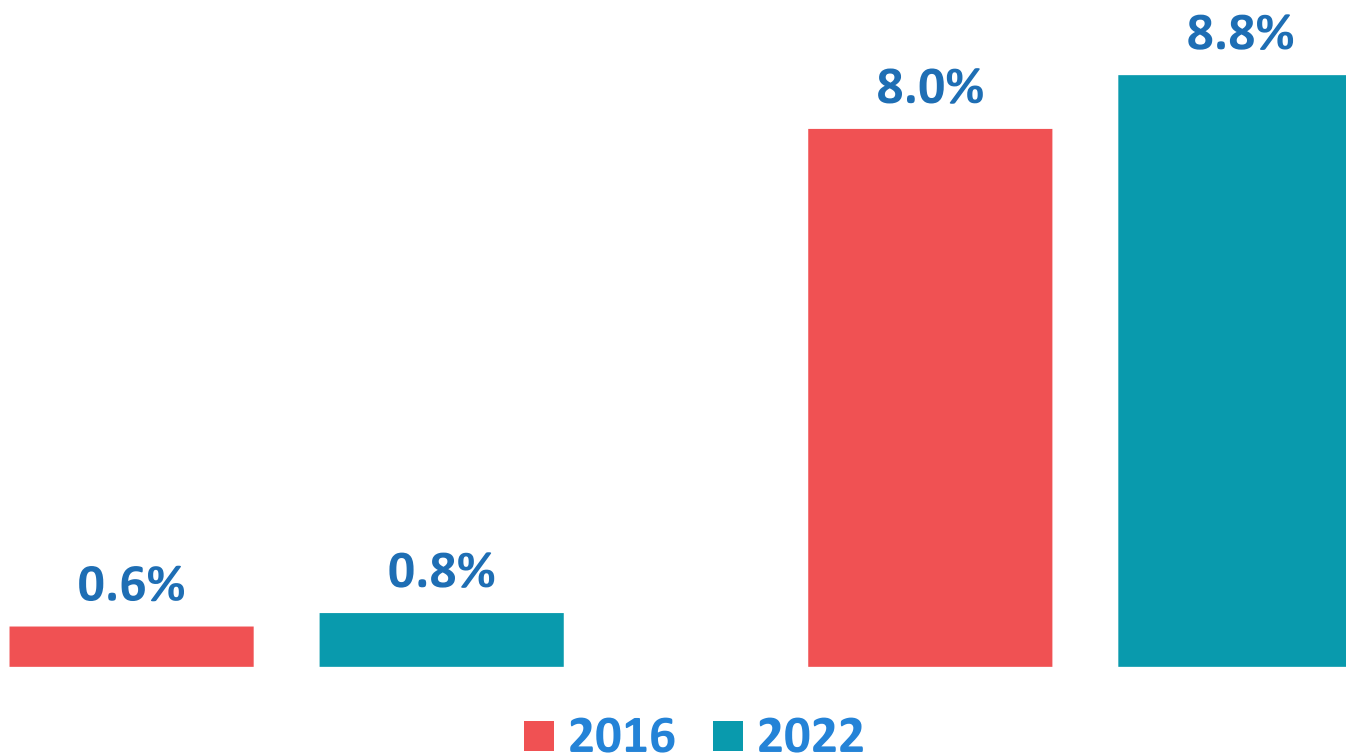
Data: Statistics Canada. Eurostat  
Source: Office of the Chief Economist, Global Affairs Canada.



## CANADA GAINED EU MARKET SHARE IN EXPORTS OF DUTIABLE PRODUCTS

Dutiable exports by Canada  
as a share of  
the EU total dutiable imports

Dutiable exports by the EU  
as a share of  
Canada's total dutiable imports



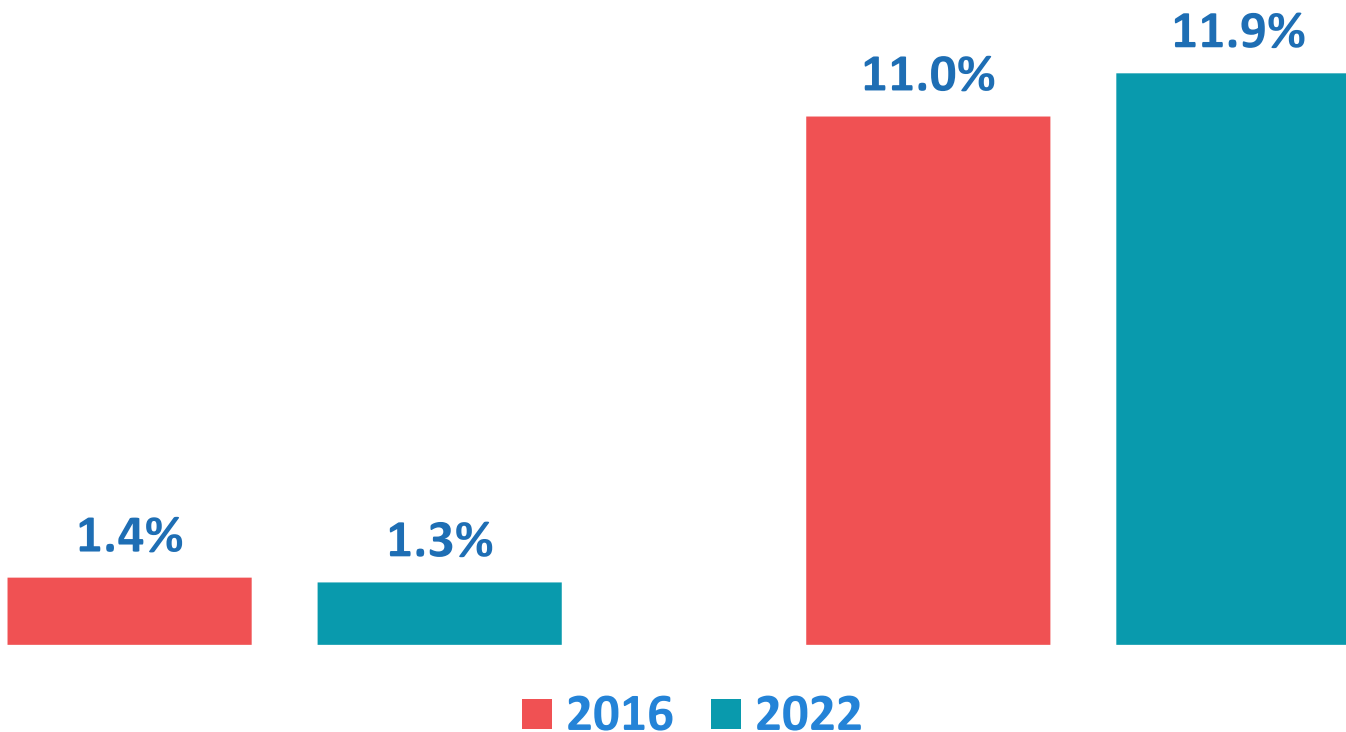




## BUT LOST GROUND IN DUTY-FREE EXPORTS

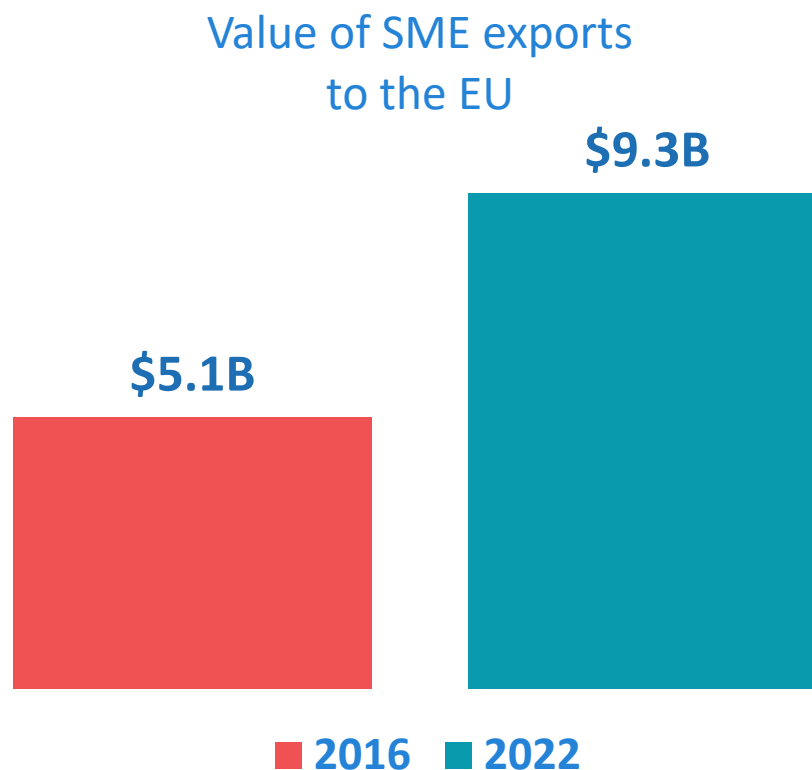
Duty-free exports by Canada  
as a share of  
the EU total duty-free imports

Duty-free exports by the EU  
as a share of  
Canada's total duty-free imports





## CANADIAN SME EXPORTED 80% MORE IN VALUE TO THE EU SINCE CETA ENTERED INTO FORCE



Data: Statistics Canada

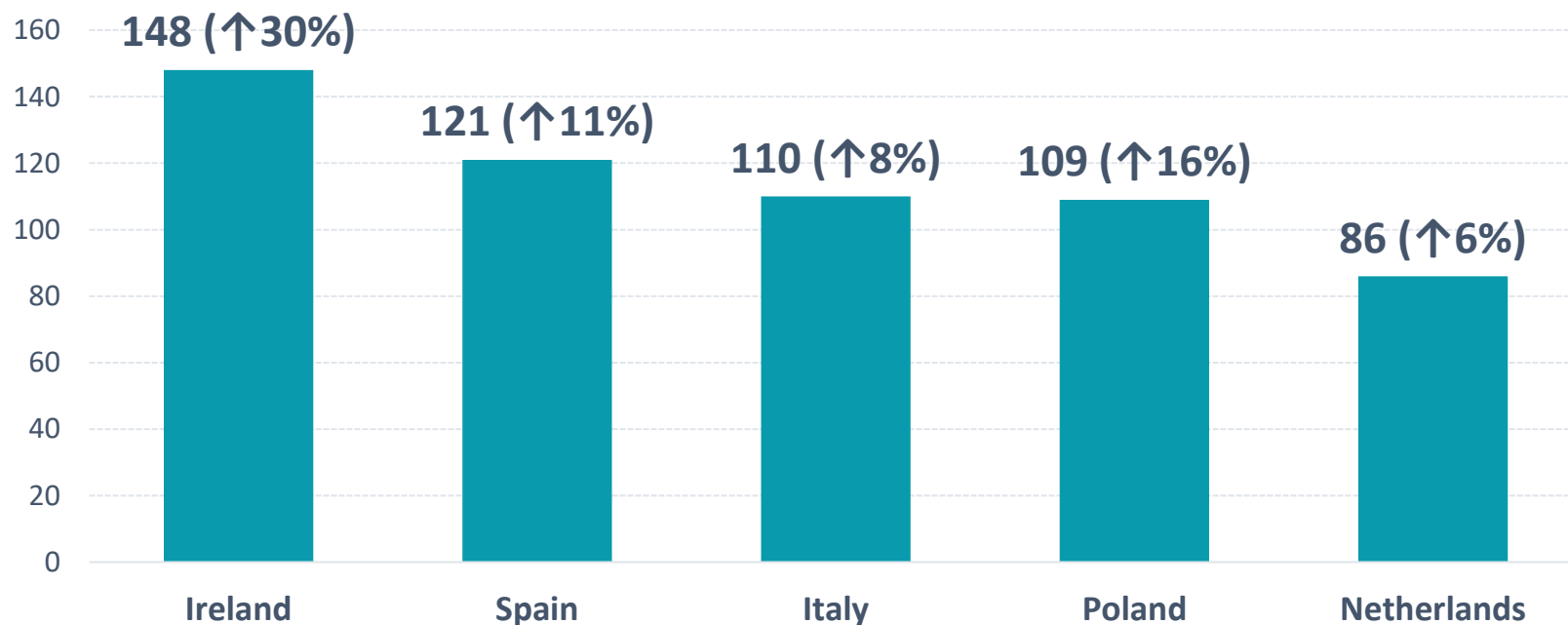
Source: Office of the Chief Economist, Global Affairs Canada.



## THE NUMBER OF CANADIAN SMES EXPORTING TO MANY EU MEMBER STATES INCREASED SINCE CETA IMPLEMENTATION



### Canadian SME exporting to EU and growth (%) between 2016 and 2022



Data: Statistics Canada




Source: Office of the Chief Economist, Global Affairs Canada






# IS 2022 AN OUTLIER YEAR FOR CANADIAN EXPORTS TO THE EU BENEFITTING FROM CETA PREFERENCES?



Markets for which **Canadian exporters** use the CETA preferential tariffs **most**:

- The Netherlands (81.7%) 
- Denmark (81.1%) 
- Luxembourg (74.2%) 

**EU exporters** with the **highest** utilization rates :

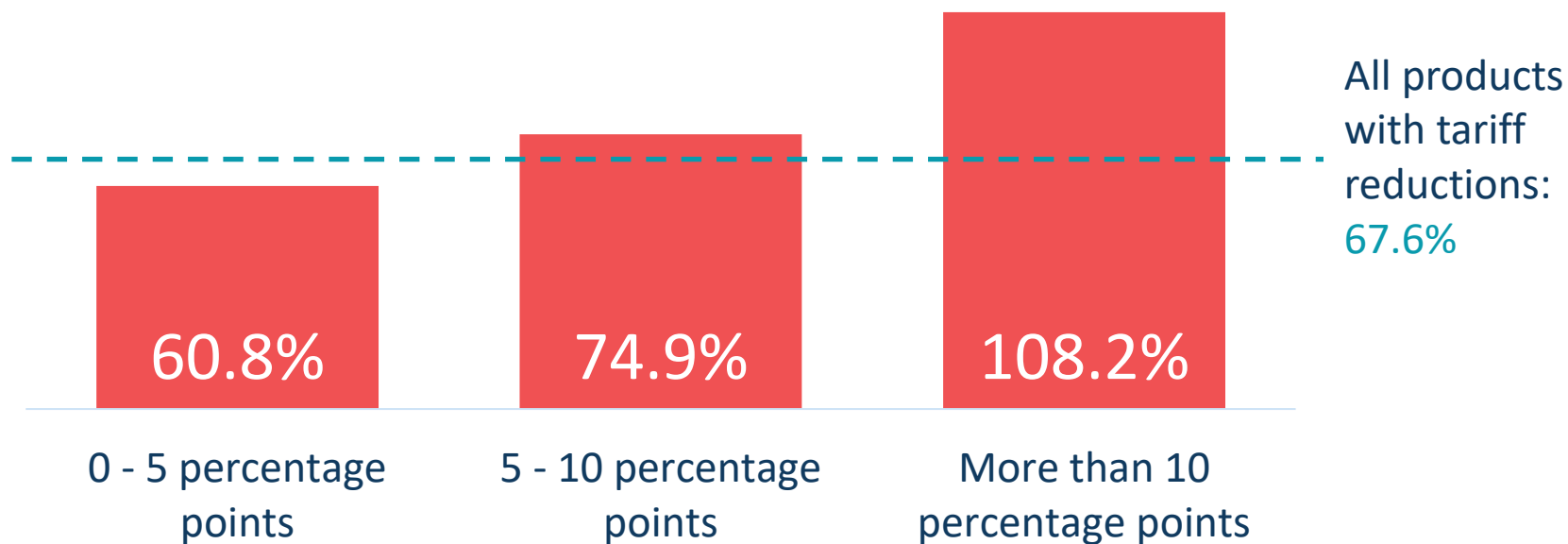
- Cyprus (97.3%) 
- Croatia (83.7%) 
- Greece (82.7%) 



## PRODUCTS EXPORTED TO THE EU THAT RECEIVED THE LARGEST TARIFF REDUCTIONS POSTED STRONGEST GROWTH



Canadian exports to EU, 2016-2022  
increase (%), by tariff reductions



Data: Eurostat and CIRCABC.

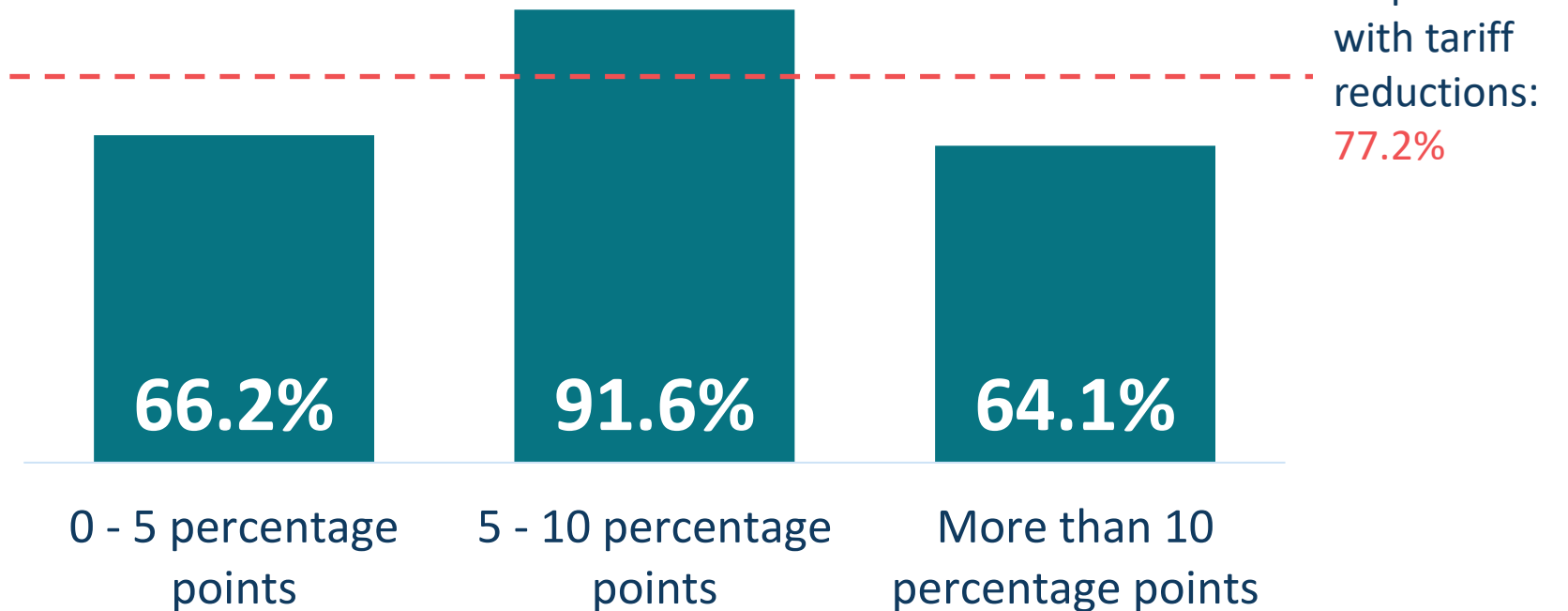
Source: Office of the Chief Economist, Global Affairs Canada.



## DUTIABLE PRODUCTS IMPORTED FROM THE EU ALSO EXPERIENCED SIGNIFICANT GROWTH



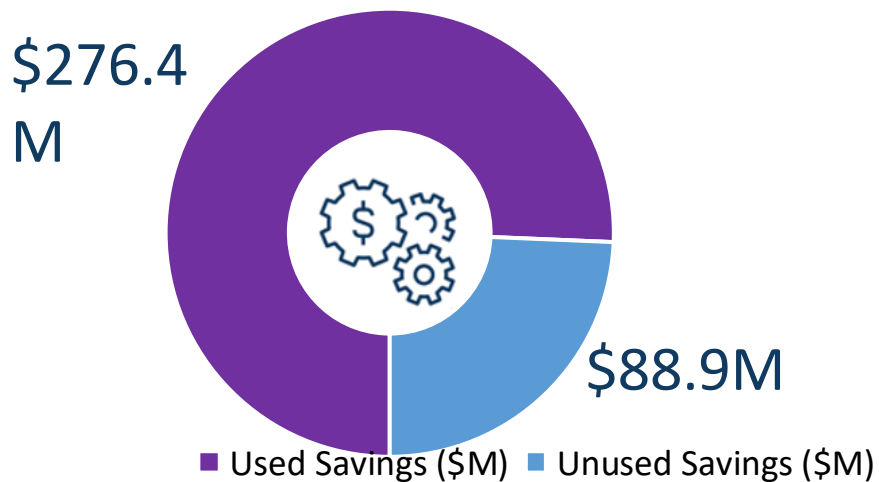
Canadian imports from EU, 2016-2022  
increase (%), by tariff reductions



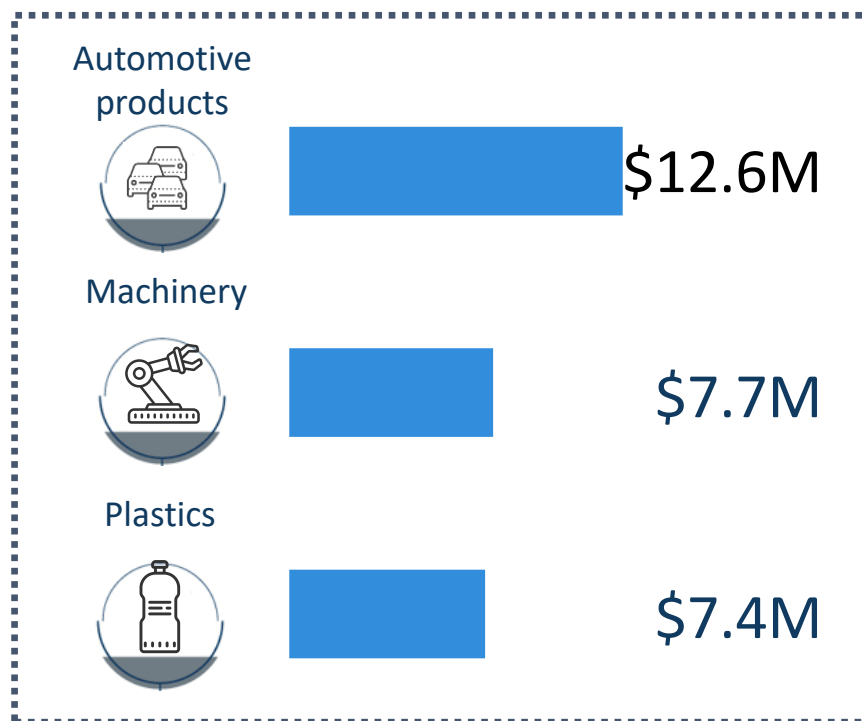


# CETA ALLOWS EU CONSUMERS TO ENJOY CANADIAN PRODUCTS AT LOWER PRICES

## Tariff savings for Canadian exports to the EU, 2022



## Canada's exports to the EU: Most unused preferences

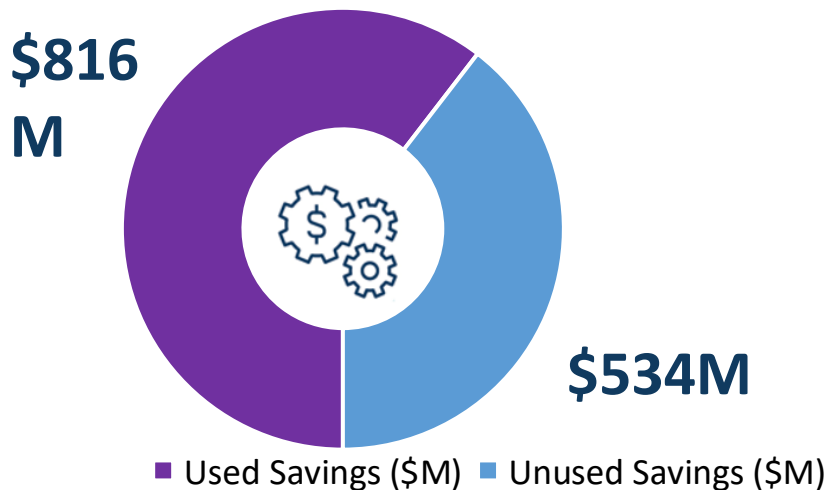


Data: Office of Chief Economist, DG Trade of the EU Commission.  
Source: Office of the Chief Economist, Global Affairs Canada.

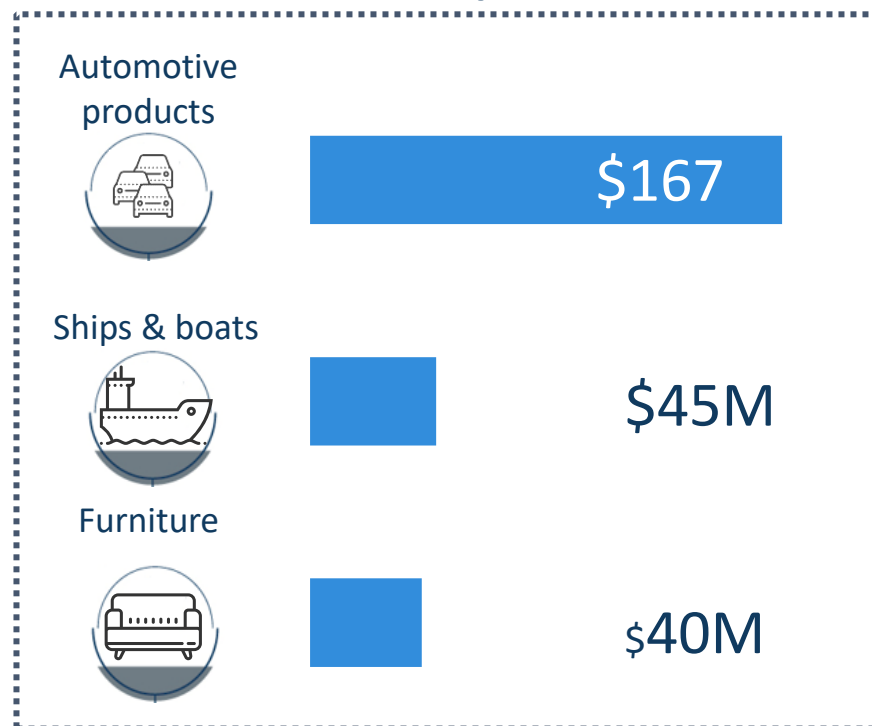


## ... BUT CANADIAN FIRMS AND CONSUMERS COULD BENEFIT MORE FROM CETA AGREEMENT

### Tariff savings for Canadian imports from the EU, 2022



### Canada's imports from the EU: Most unused preferences







## EU TARIFF QUOTA FOR CANADIAN EXPORTS ARE MOSTLY UNDERUTILIZED

TRQ type	Quantity available in 2021 (Tonne)	Utilization rate (%)			
		2018	2019	2020	2021
Beef and veal	29,860	3	3	4	3
Bison meat	3,000	5	3	2	3
Frozen beef	12,500	0	0	0	0
Pork	68,049	0	0	0	0

CETA origin TRQs that were more utilized

TRQ type	Utilization rate (%)			
	2018	2019	2020	2021
Women's or girls' suits	57	66	33	25
Men's or boys' overcoat	100	100	100	100

Data: Global Affairs Canada, European Commission  
Source: Office of the Chief Economist, Global Affairs Canada.



## ON THE OTHER HAND, CANADIAN TARIFF QUOTA ARE MORE UTILIZED

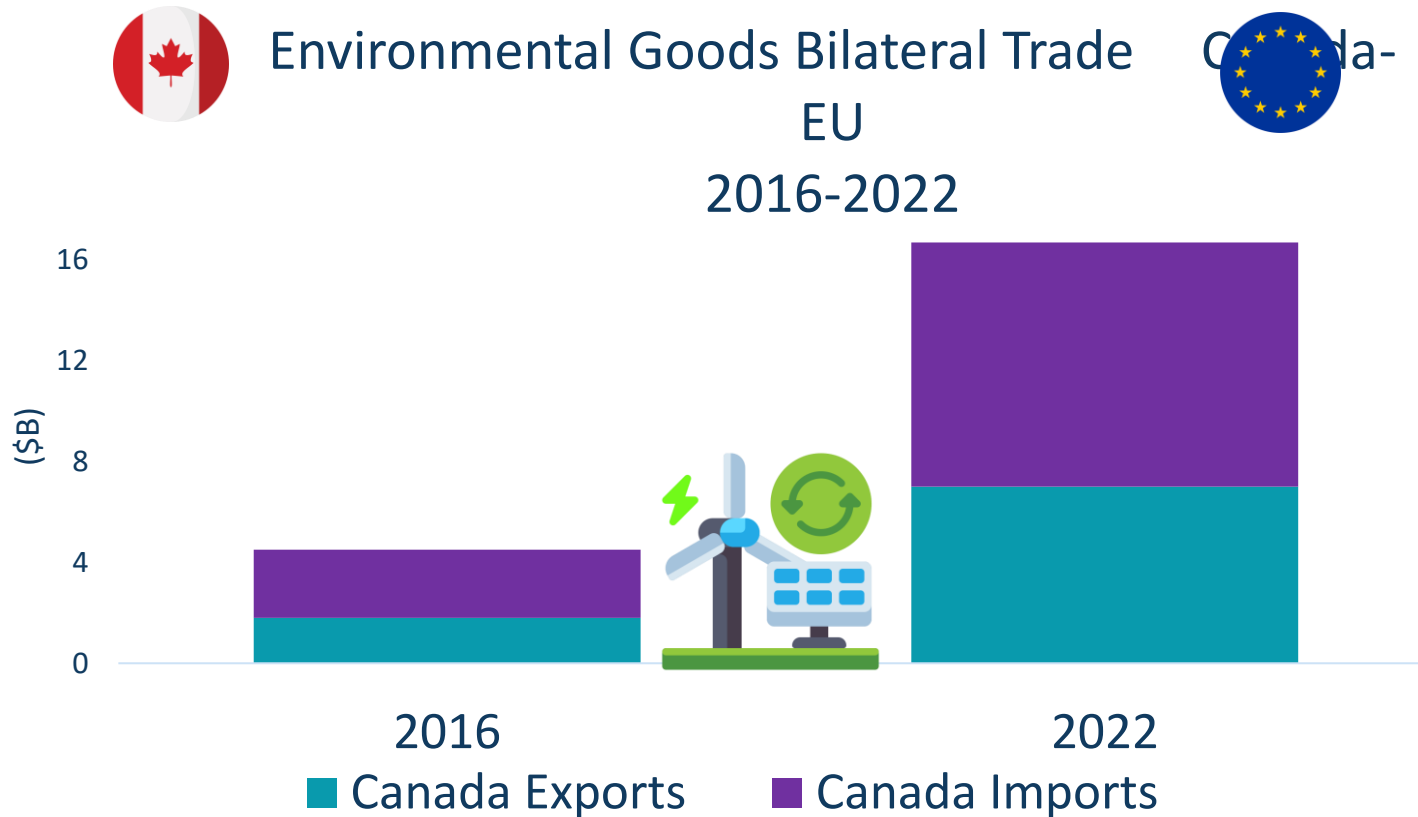
TRQ type	Quantity available in 2022 (Tonne)	Utilization rate (%)				
		2018	2019	2020	2021	2022
Cheese	16,000	99	98	96	98	96
Industrial Cheese	1,700	71	78	77	93	40

Data: Global Affairs Canada

Source: Office of the Chief Economist, Global Affairs Canada



## ENVIRONMENTAL TRADE WITH THE EU IS THRIVING

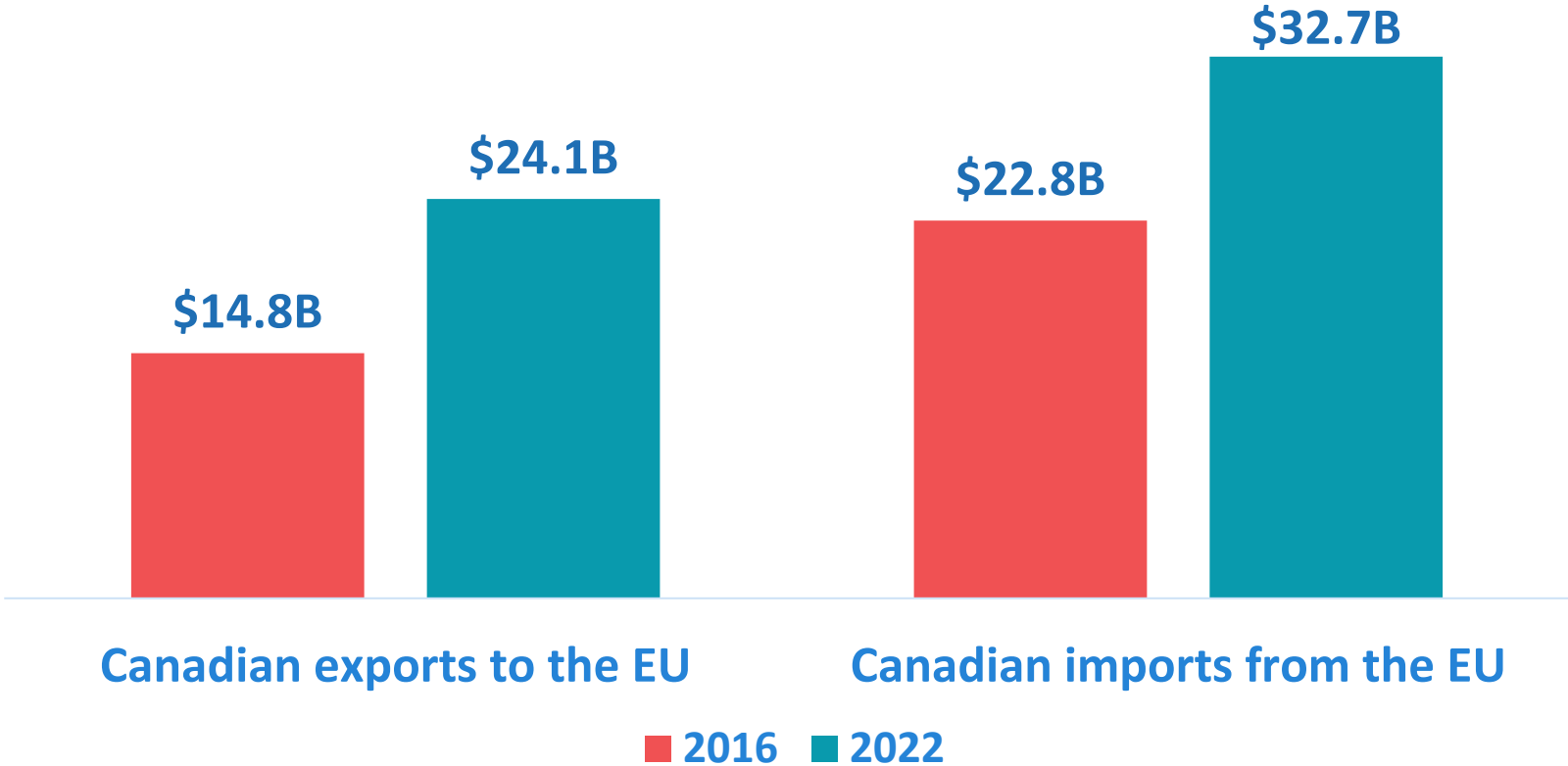


Data: Eurostat and Statistics Canada.

Source: Office of the Chief Economist, Global Affairs Canada.



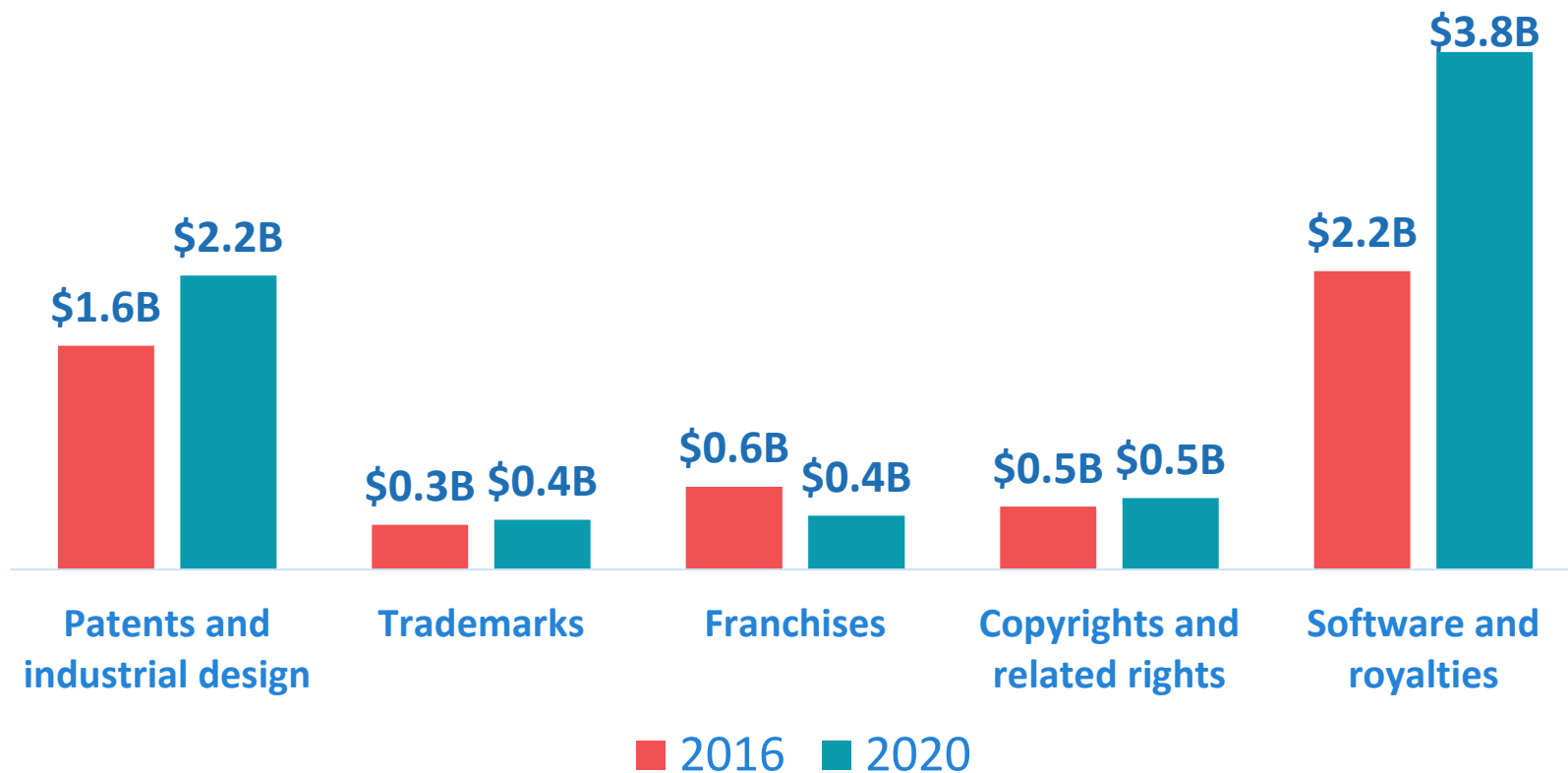
# BILATERAL TRADE IN SERVICES SAW LARGE GROWTH SINCE CETA IMPLEMENTATION



Data: Eurostats  
Source: Office of the Chief Economist, Global Affairs Canada.



## TRADE IN TECHNOLOGY (USES OF INTELLECTUAL PROPERTY RIGHTS) MOSTLY GREW UNDER CETA



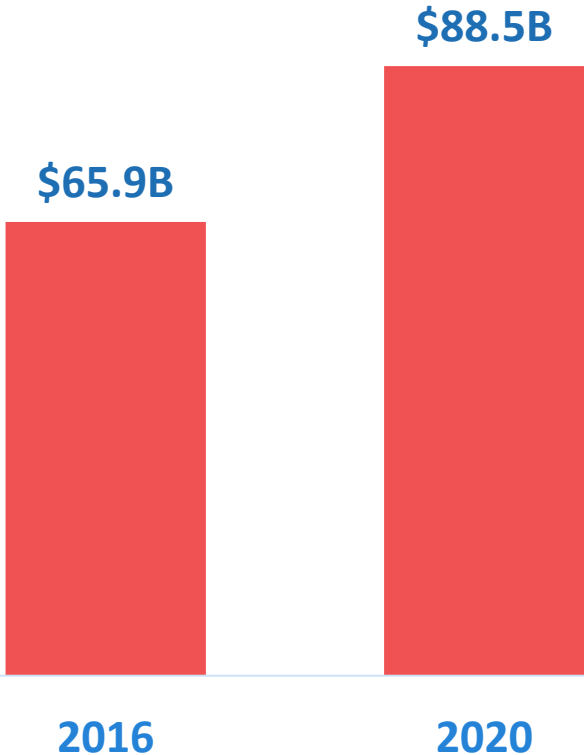
Data: Statistics Canada

Source: Office of the Chief Economist, Global Affairs Canada.

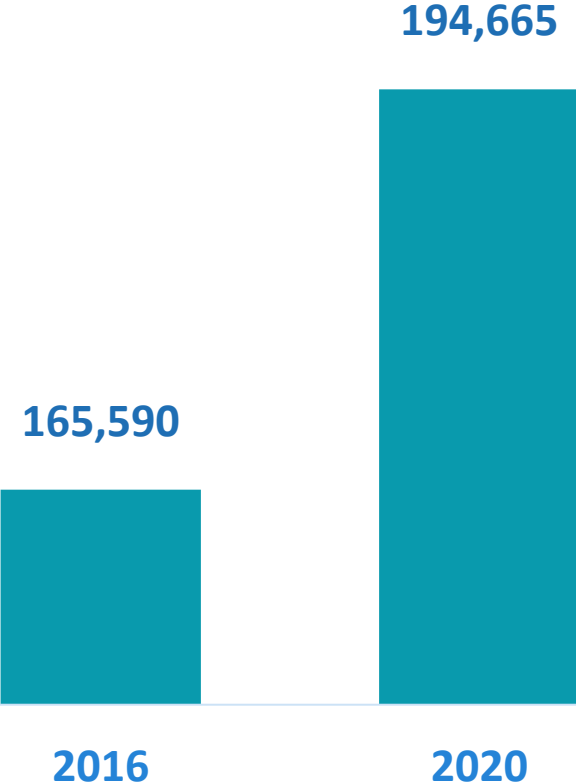


# COMMERCIAL PRESENCE BY CANADIAN FIRMS IN THE EU CONTINUES TO GROW STRONGER

Value of affiliated sales



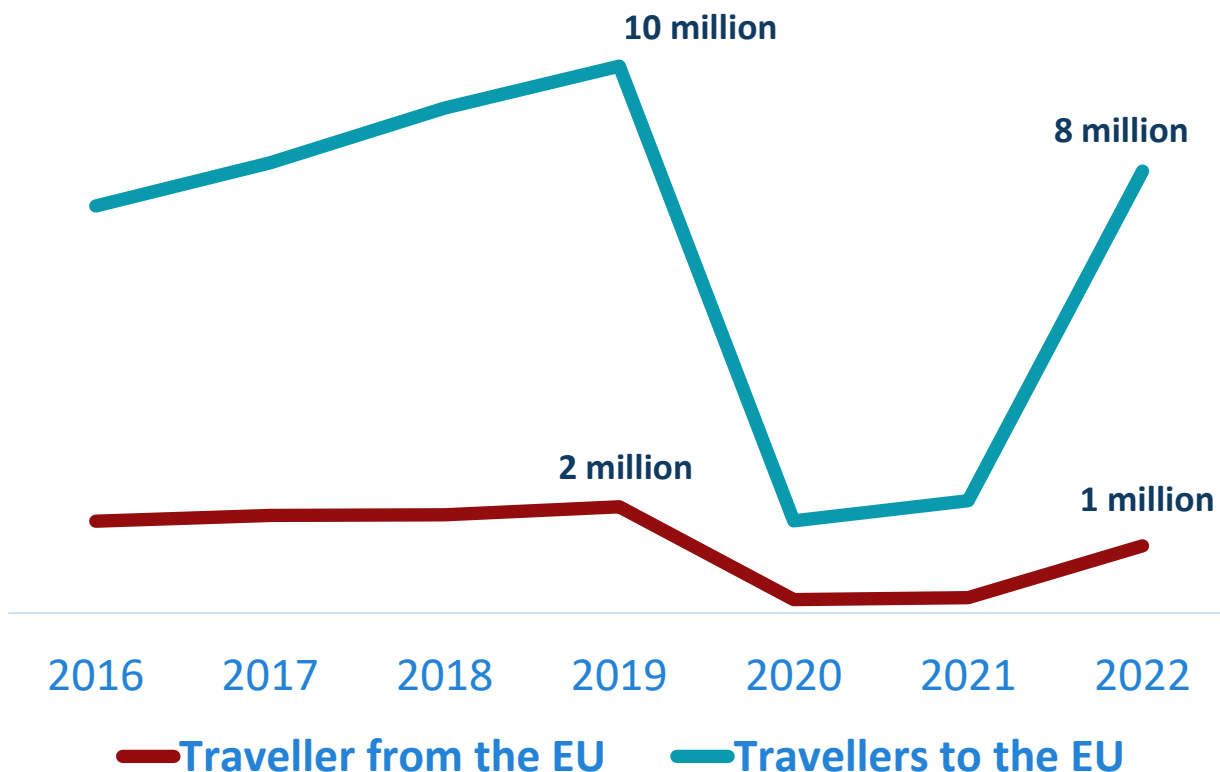
Number of employees



Data: Statistics Canada  
Source: Office of the Chief Economist, Global Affairs Canada.



## PASSENGER TRAVELS BETWEEN CANADA AND THE EU FLOURISHED BEFORE COVID



Travellers to and from the EU both increased post-COVID, though not to the peak levels yet.

Data: Statistics Canada. Eurostat

Source: Office of the Chief Economist, Global Affairs Canada.



## CONCLUSION

- Canada and the EU became more integrated after CETA was implemented in 2017.
- Bilateral merchandise trade grew by 56% between 2016 and 2022. The growth in trade between Canada and the EU was stronger than Canada with the world or EU with the world.
- Tariff reductions provided in the CETA provisions led to bigger market share for Canada in the EU total dutiable imports; and it is similar for the EU in Canada's.
- Under CETA, Canadian SME exporters also became more engaged in the EU markets.
- CETA preference utilizations by both economies had grown but there are still much savings left behind.
- The low utilization for TRQs of Canadian meat exports is one of the examples that the CETA benefits are not fully reaped.
- Environmental trade, services trade, commercial presences and number of travellers had all grown impressively under CETA.



# OFFICE OF THE CHIEF ECONOMIST

## Featured Research

- State of Trade 2023: Inclusive trade
- Trade performance under CPTPP
- CETA@5
- Canada's clean-tech exports
- Canada-Chile Free Trade Agreement
- Trade diversification target - update
- Identifying women's export successes
- Competitiveness for FDI
- Supply chain vulnerabilities

## Coming soon...

- Indigenous export experiences and challenges they face (with the CCAB)
- Characteristics of SME exporters in Canada
- Reshoring trends



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